

CITY OF SEDRO-WOOLLEY
Skagit County, Washington
January 1, 1992 Through December 31, 1992

Schedule Of Findings

1. The City Should Reconcile Warrant Activity With The Schedule Of Cash Activity

The Schedule 07, which reports warrant activity for the calendar year 1992, was not reconciled accurately in the following respects:

- a. On the Schedule of Cash Activity (Schedule 11), transfers out of each fund issuing warrants should equal transfers into the clearing funds as reported on the Schedule of Warrant Activity (Schedule 07). In 1992 there were unexplained differences.
- b. The total amount transferred into the clearing funds should equal the total amount of warrants issued as shown on Schedule 07. These amounts were not reconciled and did not agree.
- c. Disbursements of cash from the clearing funds on the Schedule of Cash Activity should equal the amount of warrants redeemed on the Schedule of Warrant Activity. These amounts were not reconciled and did not agree.
- d. The total amount of warrants payable at year end should agree with the detailed listing of warrants outstanding and should equal the amount of cash and investments in each clearing fund. These balances were not reconciled until the end of 1992.

The State Auditor has established a uniform system of accounting and reporting as required by RCW 43.09.200 which includes the schedules above.

The causes of the above exceptions were:

- a. Errors in 1991 that were not resolved in 1992.
- b. Problems with the computer software in place for the beginning of 1992.
- c. Problems in making the transition to the new computer system in the middle of 1992.

The city appears to have substantially resolved these problems with the new computer system, but is not able to explain the differences in cash and warrant activity and to reconcile the reports for 1992. The failure to reconcile warrant activity does not affect our opinion on the financial statements. These reconciliations are needed to ensure that all expenditures are reflected in the proper funds, errors are detected and corrected in a timely manner, and that the financial position of the funds are properly reflected in the city's

accounting records.

We recommend that the city utilize the schedules produced by the new computer system to perform monthly reconciliations of cash and warrant activity and identify and adjust any differences in a timely manner.